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SEP 16 1982

RESOURCE TRENDS FOR SOCIAL SERVICES

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RESEARCH IN [illegible] STUDIES
McMASTER UNIVERSITY
HAMILTON, ONTARIO

by

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prepared for the

1982 Annual Meeting
of the
Family Services of Hamilton-Wentworth

THE SOCIAL PLANNING and RESEARCH COUNCIL
of Hamilton and District

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INTRODUCTION

Future resources for social services is a topic of mixed blessings. On the one hand, the news is probably not all that optimistic. On the other hand, it presents a scenario which is both challenging and fascinating. If you happen to treasure creativity and innovation, then the news may represent an incentive to get on with it.

To begin, I would like to give my perspective on the future of the four main sources of revenue - the three levels of government and voluntary giving.

MUNICIPAL SUPPORT

Slow growth in population means slower growth in the property tax base. The rate of increase in the number of households in the Region will drop from a level of 9.2% between 1981 and 1986 to 2.4% between 1996 and 2001.[1] After 2001, very little increase is expected.

This has been somewhat compounded by the passage of Bill 82. The cost of this legislation to Boards of Education has yet to be calculated but it will almost certainly put more pressure on the sluggish Regional tax base.

If the demand for General Welfare Assistance does begin to fall off, as expected, then this may offset some of the problems. There is, however, some debate about whether or not pressure on GWA will decline.

In general, then, the outlook in terms of municipal revenues is not optimistic. Tax revenues will increase at a much slower rate than in the past.

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PROVINCIAL SUPPORT

At the provincial level, the tax base will expand somewhat faster than that of the municipalities. The labour force will expand more quickly than the population and, consequently, revenues from income tax and sales tax will probably increase faster than property tax.

This rate of increase, however, will be less than in the past. In fact, the rate of labour force growth is expected to continually decrease through the rest of the century.[2] By the year 2021, the size of the labour force may actually start decreasing unless birthrates undergo a significant increase.[3]

Consequently, provincial revenues from personal income and sales taxes will be under increasing pressure as their growth rate begins to diminish through the next few decades.

At the same time, increasing demand in the health sector will add to this pressure. A real increase of 16% in hospital revenues to the end of the century is expected. This will probably increase to 31% between 2001 and 2031.[4] Inflationary increase will be over and above these figures.

Consequently, the outlook in terms of provincial expenditure is also less optimistic, particularly in the social service area.

FEDERAL REVENUES

Federal revenues will be under somewhat less pressure than provincial revenues as a result of revenues from the National Energy Program. In addition, the labour force at the national level will probably expand more quickly than the Ontario labour force. The same diminishing rate of expansion, however, is also expected.

The federal government will also have to deal with increased health care demands plus significant strains on the pension systems as well as energy and housing expenditures.

Again, then, social service expenditures will be under increasing pressure at the federal level.

VOLUNTARY REVENUES

Forecasting trends in voluntary revenues is difficult. Generally speaking, however, the trends in household formation and labour force growth will probably mean that the donor base will not expand as quickly as in the past.

Potential changes in the income tax Act may result in increased giving to counteract these trends. These changes, if they are made, may correspond with a decrease in direct government assistance. In the long run, then, these changes could cushion some of the blow vis-a-vis government revenues but their main positive effect will lie more in the area of increasing voluntary sector autonomy and independence.

COMPETITION FOR FUNDS

While these revenue problems occur, new agencies continue to form and, as a result, the number of agencies competing for social service dollars increases. An ongoing study of the voluntary sector in Toronto suggests quite convincingly that this is a major element in the growing financial hardship of existing agencies.[5]

We can see the same trend locally in the growth in the number of agencies receiving United Way funding.

CONCLUSION

These trends in government revenues, coupled with increased competition, clearly leads to an expectation of slow growth, relative to social service funding. Some sectors (i.e. seniors services) will grow faster than others but we can reasonably expect a slowdown in the rate of social service financial expansion.

I believe, therefore, that agencies are going to be continually hard pressed to keep their present resources in the face of slow growth in revenues relative to inflation-based increases in costs.

If we are going to increase our quality and/or quantity of service, we are going to have to further embrace the conserver society motto of, at worst, "doing more with less" or, at best, "doing more with the same".

Considerable innovation will be an absolute must. The number of skilled and active volunteers in the community will be increasing dramatically as a result of the rapid increase in the number of labour force retirements in the future.

In addition, ongoing public opinion surveys indicate that North American society is undergoing some pronounced shifts in values. One of the central components of this shift has been recognized for some time - a shift away from relying on large organizations or outside resources for individual activities. In the private sector, this has resulted in the much expanded "do-it-yourself" market. In the social sector, this shift can be seen in the rapid proliferation of self-help groups.

Constrained resources, increased volunteers and value shifts all suggest that self-help groups will continue to flourish in the future.

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Large formal institutional-based services will probably play less of a direct role. This will have profound implications for the traditional care-giver/client roles.

In conclusion, then, we are undoubtedly entering a difficult period of time as our society undergoes some pronounced structural changes. The almost inevitable "slow growth" scenario represents a whole new ballgame. Canada has just come through a period of incredibly rapid growth which has been unique in the Western World, with the exception of the United States. We have come to accept this rate of growth as natural and inevitable. With the benefit of hindsight, we can now see that it was unnatural and finite in its duration.

Slower growth now appears inevitable. Fortunately, our society appears to be undergoing a shift in values which will make slow growth more palatable than in the past.

Growth has been a two-edged sword for the social service field. On the one hand, rapid growth has created considerable social disruption, increased social problems and created an environment of panic planning. On the other hand, it has generated a pronounced increase in financial resources.

The future, then, will be a new ballgame which will provide a crucial test of the creativity and flexibility of the social service institutions which came to the forefront during the old days of rapid growth and rising expectations.

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